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With fewer animals on farms and consumer demand very strong, prices of most livestock products are at or near record levels.

Meat and meat animal prices now average the highest on record; may go higher this summer and early fall. Meat output is expected to continue running about a tenth below a year earlier through the summer and fall.

The 1948 spring pig crop totaled 51,421,000 head. Though larger than expected, it was the smallest crop since 1941 and about $1\frac{1}{2}$ million head below the 1937-46 average.

According to farmers' intentions June 1, they are keeping about same number of sows for farrowing this fall as year ago. If the number of pigs per litter is average, fall pig crop would reach 31 million head. This would bring total 1948 crop to 82.4 million head, 2 percent below 1947 and the smallest since 1940.

Dairymen are likely to receive record prices through most of the rest of the year since demand for milk and other dairy products is expected to stay high.

So far this year, prices of milk and butterfat have averaged much higher than in the same months of 1947. They are now in a more normal relation to prices of other farm products than last year.

Number of milk cows on farms has continued to decline this year. Production per cow the first of June was a record but total milk flow for the first 5 months of 1948 was below the same period of 1947.

Turkey prices in June were the highest on record; chickens higher than in any other June. Little change is expected in chicken prices. Turkeys are expected to set a new record next fall since supplies will be a fifth below a year earlier.

Egg prices were near support levels in June but slightly above June 1947. Purchases for price support have been small since the new program started in May.

Prices for poultry and eggs now average less above 1947 or prewar than those of any other livestock or livestock product, except wool.

Although crop prospects indicate another year of heavy production, price declines as harvests are gathered are likely to be small. Chief exception is feed grains. If corn crop is as much larger than last year as prospects indicate, feed prices are likely to drop substantially.

Price trends in recent weeks have been generally upward.

By mid-June, the BLS index of wholesale prices was almost back up to the January record. Increasing consumer incomes and heavier government spending for foreign aid and national defense point to further advances.

Retail prices in urban communities have passed the January level.

The BAE index of prices paid by farmers, interest and taxes in mid-June rose 1 point to equal the January record of 251 and was 10 percent above June 1947.

Prices received by farmers in June were 295 percent of the 1909-14 average, 2 percent above May but 4 percent below the January record. Prices of meat animals averaged the highest on record in June while poultry and eggs reached a new peak for the month. Oil bearing crops were up moderately. So were fruits, though they averaged 32 percent lower than in June 1947. Truck crops, grains and cotton declined.

The parity ratio in mid-June was 118, 2 points above May.

High level activity in industry and business is supporting the strong consumer demand. Factories are turning out goods at a near record rate. Unemployment in May was down to 1.8 millions, the lowest of any month this year. Consumer incomes are being upped by third round wage increases.

According to a Federal Reserve Board survey made the first of this year, consumers intend to buy as much of durable goods such as cars, houses, furniture and refrigerators this year as last. Consumers with incomes less than \$3,000 per year planned to buy less; those with higher incomes said they would buy more.

FARM INCOME Farmers sold 12.8 billion dollars worth of products the first 6 months of this year, 5 percent more than in the first half of 1947. Although cash receipts from meat animals were down slightly, increases from dairy products and poultry and eggs pushed total for livestock and products 4 percent above 1947. Receipts from crops were up 6 percent.

FATS AND OILS Wide differences between prices of edible vegetable oils and animals fats narrowed during June. Further narrowing is likely as output of cottonseed rises and production of lard and grease declines.

Estimates of 1948 pig crops indicate lard and grease output in year beginning October 1 will be well below current year.

GRAINS Wheat prices, now close to the loan level, may average above the loan level in 1948-49. The National average loan rate to farmers is \$2.00 per bushel compared with \$1.84 last year. The new loan rate for No. 2 hard winter at Kansas City is \$2.23; for No. 1 Dark Northern at Minneapolis \$2.25.

Citizens of some European countries may be able to buy bread without ration coupons in 1948-49. Those in other countries may get larger rations. Reports received by the Office of Foreign Agricultural Relations in June indicated that European wheat and rye crops will be larger than in 1946 or 1947, though still about 15 percent below prewar.

Europeans still will need to import large amounts of breadgrains. Reserves of all foods are low and grains have been substituted for products in shorter supply. The population has increased. Prewar trade channels have changed greatly.

Price prospects for feed grains depend largely on the corn crop. If weather continues favorable, feed grains will decline and livestock-feed price ratios in 1948-49 will be more favorable to livestock producers.

FRUITS AND VEGETABLES This summer's apple and pear crops may be smaller than last year; prices may average slightly higher. With the peach crop in the 10 early southern States down 37 percent from 1947, prices this month are expected to average above July 1947.

The California Valencia orange crop is 17 percent smaller than last season. Prices may average slightly higher. Supplies of lemons are expected to be about the same as last year and prices are not expected to be any higher.

Demand for most vegetables for commercial processing is expected to be nearly as strong as last year.

Supplies of snap beans, cucumbers, lettuce, green peas, tomatoes and watermelons for fresh market this July are down from last year. Prices are expected to be moderately higher. Opposite is true for cabbage, carrots, celery, onions, green peppers and cantaloups.

Supplies of commercial early potatoes are larger than last year. Large quantities have been bought by the government for price support.

COTTON Cotton purchases by U. S. buyers are being limited to small lots for prompt delivery. Export buying is more active but demand is mostly for better qualities which are in short supply. Prices of textiles continue to decline.

TOBACCO Demand for flue-cured tobacco will be bolstered by high cigarette consumption and improved export prospects when marketings get under way in late July. The support price will be about 9 percent higher than last year.

From July 1, 1947 to July 1, 1948, an estimated 375 billion cigarettes were produced, 14 billion more than in 1946-47. Cigar consumption is estimated at 5.7 billion, almost the same as in 1946-47.

